



March 24, 2020

The COVID-19 pandemic is one that has certainly smashed the hospitality industry and we are asking for some unprecedented asks during these unprecedented times. We are aware that Government has provided some financial relief and provisions for Canadians in given situations and we are asking to look deeper and consider the Ontario hospitality industry and their natural gas and electricity energy bills.

We are not asking for the industry not to pay their bills as this would have a rippling effect that would mean no dollars to the utilities and then to their suppliers and eventually to their employees. This is not our intent. We are asking for the Provincial Government to pay for the energy bills for both the natural gas and electricity on behalf of operators for a select period of short time.

Further to your request for point of discussion on energy bills relief I would put forward the following points.

Electricity:

With occupancy rates dropping, and hotels and restaurants temporarily shutting down, electricity usage will likely decline significantly, resulting in naturally lower bills. As we are also in a shoulder period weather-wise, they also won't be experiencing any cooling related consumption at this point in time. There will likely still be some consumption related to running critical processes within their buildings (refrigeration, air handling units, some lighting, etc.).

We would recommend that the government introduce a **COVID-19 Electricity Deferral Account** for the hospitality sector. The idea would be that they provide a deferral account to qualifying businesses which would be paid back over time. There are multiple benefits to this approach:

- The utility continues to bill all end-users – bills will contain a separate line item for COVID-19 Deferral Account Credit for qualifying businesses
- Government will fund/pay out to utilities all Deferral Account amounts
- The true electricity costs incurred for the period are still billed and documented accordingly, but the total amount owing is offset by the deferral credit (or some portion of it) for a short period of time (we recommend 8 weeks)
- This approach ensures that there are no supply chain issues or breaches of contracts with suppliers of electricity
- Having the deferral credit clearly segregated onto its own line item on the utility bill allows the account holder, utility, and government to clearly track the deferral credits that were received by each account
- At such time that the economic situation improves and businesses return to operate without restrictions, the deferral account would be used to slowly pay back the amounts “loaned” to each account over time (time to be determined relative to the amount of time this situation goes on for).
- Requesting a “loan” from the government is much more likely to get approved quickly than asking for a true cost reduction or credit
- The deferral account approach has been used successfully in the utilities business historically and is a proven and transparent way to provide accounting for this type of situation



Additionally we would recommend the following:

- Expanding the criteria for qualifying for the existing Ontario Energy Rebate (OER) to ensure that any hospitality business that currently doesn't qualify will receive this credit going forward.
- Guarantee that electricity will not be shut off due to non payment
- Waiving all late fees

Natural Gas:

Luckily we are coming out of the heating season so usages will naturally tail off. The one main item they could look to help alleviate is the Federal Carbon Charge. It is currently, ~4cents/m³ which is roughly 10 -16% of your members gas costs. This is expected to increase by an additional 2cents/m³ in April and an additional 2 cents the following year. I realize this is a federal program but it would make sense to suspend/credit it back it for the time being as emissions are down significantly with people working from home and industry slowing down.

The same deferral account approach could also be applied to Natural Gas as described above.

These are unprecedented times that require unprecedented conditions and concessions. Our industry has been in compliance with orders to date and have shifted their ways of operating in order to accommodate and keep public health top of mind. With the shift and dismal decline in business, we ask you to consider these recommendations as we are responding to our foodservice and accommodation members across the province.

They are looking to government not only for leadership and guidance during these difficult days, but also some concession of relief that will walk them through this pandemic.

Yours in hospitality,

ONTARIO RESTAURANT HOTEL & MOTEL ASSOCIATION

A handwritten signature in black ink, appearing to read "Elenis", is positioned below the association's name.

Tony Elenis
President & CEO